



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 07/17/01

AGENDA ITEM 8

WORK SESSION ITEM

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Authorization for the City Manager to Execute an Exclusive Negotiating Agreement with Nazareth Properties for the Ground Lease of Airport Property

RECOMMENDATION:

It is recommended that the City Council approve the attached resolution authorizing the City Manager to execute the Exclusive Negotiating Agreement with Nazareth Properties.

BACKGROUND:

Mr. John Hunter, the Managing Partner for Nazareth Properties, LLC ("Nazareth"), is a licensed California real estate broker and owner of two mortgage brokerage companies, *Mortgage Works* and *Real Estate Venture Capital Group*. As the Managing Partner for Nazareth Properties, LLP, Mr. Hunter has extensive experience in real estate development of custom single family homes, townhouses, condominiums and mixed-use commercial property, including *Nazareth Plaza* located in San Mateo.

Since January of this year, Mr. Hunter has held several meetings with City staff regarding development opportunities at the Hayward Executive Airport. Mr. Hunter is interested in entering a ground lease with the City for 3.68 acres of Airport property along Hesperian Boulevard north of the Skywest Drive/Longwood Ave. intersection. (See Exhibit A)

The type of building and uses proposed is a new, state-of-the-art Office/R&D Building as permitted under current zoning (AT-C). Mr. Hunter anticipates that the tenant will be a hightech/biotech firm and that the building will be designed for that intended use. No conditional uses or variances will be requested. The size of the building is expected to be approximately 65,000 square feet.

TERMS OF AGREEMENT TO NEGOTIATE EXCLUSIVELY:

Based on the discussions to date, it is recommended that an Exclusive Negotiating Agreement be executed between the City and Nazareth Properties, LLC. For the next one-hundred eighty (180) days, following execution of the Agreement, Nazareth will negotiate diligently and in good faith to provide signed agreements with tenants and to develop a ground lease with the City. If the City has not executed a ground lease by the 180th day, or any extension thereof, then the Agreement shall automatically terminate.

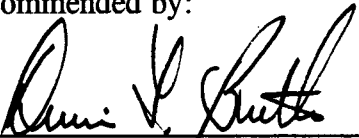
As a condition of the Agreement, Nazareth will submit a good faith deposit to the City in the amount of twenty thousand dollars (\$20,000). The deposit is non-refundable. However, in the event that Nazareth and City enter into a ground lease for the designated site, twelve thousand dollars (\$12,000), will be applied to the annual rent.

A copy of the Exclusive Negotiating Agreement is available for review in the Office of the City Clerk.

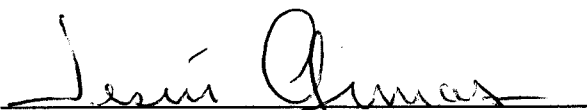
Prepared by:


for Brent S. Shiner, Airport Manager

Recommended by:


Dennis L. Butler, Director of Public Works

Approved by:


Jesús Armas, City Manager

Attachments:

Exhibit A - Map of the Site

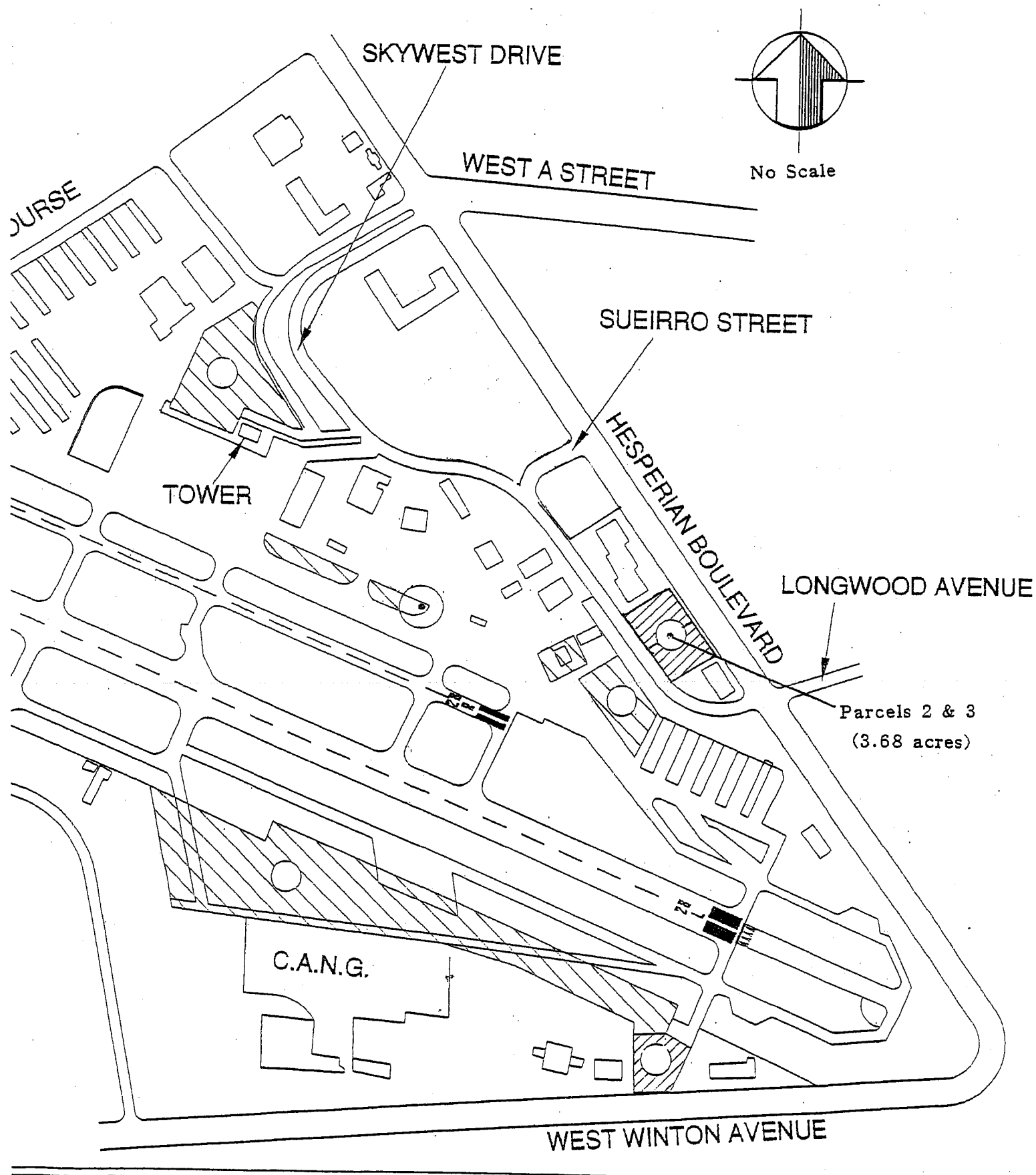


EXHIBIT "A"

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

**RESOLUTION AUTHORIZING THE CITY MANAGER TO
EXECUTE AN EXCLUSIVE NEGOTIATION AGREEMENT
BETWEEN THE CITY OF HAYWARD AND NAZARETH
PROPERTIES FOR THE GROUND LEASE OF AIRPORT
PROPERTY**

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to execute on behalf of the City of Hayward an exclusive negotiating agreement with a term of one hundred eighty (180) days with Nazareth Properties for the ground lease of parcels 2&3 of airport property along Hesperian Boulevard.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2001

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward